

BUDGET EXCESS OF \$25,000,000 BIG CITY CRISIS

Enormous Sum Far Beyond
Power to Raise Money
by Taxes or Bonds.

TALK OF RATE OF 3.33

Funded Debt Over Billion,
With Bonding Power Cut,
Despite Realty Rises.

PRUNING TO BE DRASTIC

Details Are Given of Vast De-
mands of the Officials for
Next Year's Expenses.

Budget and Rate of Tax Compared for 18 Years

THE following table shows the
amount of the city tax budgets
and the annual tax rate from 1903
to and including this year:

Year.	Tax Budgets.	Rate.
1903.	\$98,641,240.17	1.41
1904.	108,562,622.29	1.51
1905.	111,562,409.59	1.49
1906.	118,650,552.08	1.47
1907.	130,421,505.66	1.48
1908.	143,572,266.17	1.61
1909.	156,552,748.14	1.97
1910.	163,128,270.27	1.75
1911.	173,967,855.16	1.72
1912.	181,090,256.51	1.83
1913.	192,711,441.16	1.81
1914.	192,995,551.62	1.78
1915.	198,989,786.52	1.87
1916.	212,956,177.54	2.04
1917.	211,114,126.82	2.32
1918.	238,123,759.29	2.66
1919.	248,025,424.83	2.82
1920.	273,859,453.13	2.48

New York city is facing the most
serious financial crisis in its history.

It is threatened with a budget more
than three times what it was a decade
ago.

The population then was 4,769,885.
To-day it is 5,621,151.

The total city funded debt in 1910
was roughly \$750,000,000. Now it has
reached \$1,243,659,937.

To meet the city's obligations for
1921 and satisfy the requests for money
of the various departments would take
more than the astounding sum of \$530,-
000,000.

This is far beyond the constitutional
power of the city to raise money.

It would mean, it is estimated, a tax
rate for next year of approximately
3.64, compared with 2.48 for this year.

The final rate, to be fixed in March,
may be as high as 3.33. It has been fig-
ured roughly. But with assessed valua-
tions of real estate something under ten
billions of dollars it cannot lawfully go
beyond that point.

Margin and Budget Different.

Also, but entirely aside from the tax
budget and not to be confused with
it, the city's debt margin, the amount
against which it may issue corporate
stock bonds for permanent non-revenue
producing improvements, has dwindled
to less than \$20,000,000. Increase in this
item is in sight however, to some extent
on January 1, and a further amount
(due to boosted real estate valuations)
in March.

Obviously the budget requests, as put
in by the various departments and
branches of the government must be
cut to the bare bone. Even so, Comptrol-
ler Craig declares the money actu-
ally "required for the conduct of pub-
lic business in 1921" is \$25,000,000 in
excess of what may be raised under ex-
isting law.

What is to be done? That is the ter-
rifying vital question before the Board
of Estimate. Attention will be focused
on it from now until October 10, when
the so-called "tentative" budget must
be in printed form.

The 1920 budget was \$273,859,453, an
increase of \$25,000,000 over the previous
year and generally considered a stag-
gering figure.

The city of New York spent only
\$66,441,500.17 for ordinary purposes in
1920. Then the population of the city
was approximately 5,000,000.

While the activities of the State of
New York do not compare in amount
or magnitude with those of the city,
it may be interesting to note an esti-
mated cost of \$125,000,000 to run its gov-
ernment for the fiscal year ending next
July.

Following are the totals that make up
the huge city budget estimate for next
year as it stands to-day:

1. Requests of city departments for
personal service, maintenance and sup-
plies, \$273,437,206.55; of county depart-
ments for the same purposes, \$10,543,-
751.15—a grand total of \$284,022,958.

2. Tax deficiencies 1920, \$1,656,000.

3. Request for non-revenue producing
improvements in 1921, \$104,792,027.

4. Debt service, interest on funded
debt and for redemption of short term
securities, \$6,117,743,944.77.

5. Direct State tax, \$22,941,183.27.

2 Per Cent. Limit in Taxation.

Under the constitution the city for
its actual expenses in any one year
may not place a tax on real estate of
more than 2 per cent. of its assessed
valuation. This would mean, with a
real estate valuation of roughly \$10,-
000,000,000 in the city, that no more
than \$200,000,000 could be raised for the
above purposes in 1921.

The departmental estimates for main-
tenance and the tax deficiency item
(Nos. 1 and 2) add up to roughly \$284,-
000,000. If there is taken from this
\$60,000,000, the Comptroller's estimate
for the general fund, always subtracted
from the budget before fixing the tax
rate, it may be seen where he gets his
figure of \$25,000,000 in excess of what
the city may legally raise.

But the departments are asking al-
most \$105,000,000 for non-revenue pro-
ducing improvements. Under the pay-
as-you-go plan these should be included
in the tax budget. However, the city
has an exemption of \$15,000,000 a year
on this item, granted by the Legislature
for the period of the war and a year
thereafter. Technically this period has
not expired. Also, the Legislature at
its recent extraordinary session passed
an act exempting all moneys spent for
school buildings and sites from the pay-
as-you-go plan.

This would cut out of the tax budget
\$17,000,000 asked for this purpose by the
Board of Education and included in the
\$105,000,000. Adding this to the \$15,-
000,000 we get a total exemption of
\$32,000,000.

If it is held that pay as you go moneys
must be included in the calculation of

Total Budget Allowance as Provided for 1910, 1915 and 1920, Compared With 1921 Estimates, Including Personal Service.

THE comparative table shows the budgets of the more important departments of the county govern-
ments, with debt service, tax deficiency and direct State charges in 1910, 1915 and 1920, also the total
budget request for maintenance and personal service for 1921 and the amount of that request included
in personal service. There also is shown the amount of special revenue bonds used by these departments
in 1920 and the money asked by them to finance non revenue producing permanent improvements in 1921:

City Departments.	1910.	1915.	1920.	Total Allowances Requested 1921 Personal Service.	Amount of 1921 Figures Asked for Personal Service.	Non-Revenue Special Revenue Bonds Used in 1920.	Non-Revenue Special Revenue Bonds Used in 1920.
Education.	\$28,399,679.30	\$30,748,528.57	\$49,408,681.12	\$82,026,462.77	\$68,053,261.11	\$7,482,722.38	\$46,950,327.80
Police.	15,056,389.63	17,339,537.41	25,265,146.71	38,257,119.23	31,256,319.16	1,716,356.69	3,385,000.00
Fire.	7,931,881.63	9,132,478.41	13,184,732.19	18,436,514.82	17,226,660.03	1,469,094.97	2,274,000.00
Street Cleaning.	6,554,908.56	7,584,411.76	12,162,523.54	21,785,333.24	19,066,549.12	6,008,519.71	8,520,875.00
Public Welfare.	22,029,014.65	25,000,288.94	7,497,961.43	11,027,871.36	2,062,254.42	600,804.85	8,373,500.00
Correction.	1,201,310.09	1,292,333.30	2,331,214.20	3,135,440.71	1,473,321.70	88,850.93	2,144,000.00
Health.	2,666,358.44	3,808,471.48	4,729,833.92	6,714,738.42	4,166,703.92	317,773.51	751,475.00
Water Supply, Gas & Elec.	6,530,977.22	6,824,083.94	7,513,150.34	9,843,665.23	5,518,151.45	198,855.75	1,118,000.00
Parks, Man. & Child.	990,047.55	1,020,141.04	1,500,532.85	2,662,357.51	12,010,188.28	42,850.98	532,750.00
Parks, Brooklyn.	432,450.44	433,458.54	654,416.58	1,050,821.52	808,893.88	31,082.19	1,024,763.15
Parks, Queens.	1,002,801.32	735,552.08	1,010,465.13	1,654,046.69	1,566,092.88	58,003.48	5,313,143.00
Parks, Richmond.	171,806.14	314,468.90	314,468.90	911,187.36	450,963.90	21,082.19	1,024,763.15
County Government.	770,000.00	831,747.34	1,000,493.00	1,320,338.00	1,236,623.00	118,000.00	1,118,000.00
New York.	1,478,903.16	1,521,148.69	1,617,543.60	2,106,376.00	2,104,536.00	1,280,519.30	2,400,000.00
Brooklyn.	2,546,532.14	2,664,838.48	2,961,307.79	3,564,349.68	3,564,349.68	374,242.41	3,385,000.00
Queens.	1,118,173.69	1,161,787.64	1,820,293.93	2,590,130.43	1,831,775.95	231,674.27	2,787,000.00
Richmond.	2,132,804.21	2,132,804.21	2,132,804.21	2,132,804.21	2,132,804.21	2,132,804.21	2,132,804.21
Debt Service.	44,725,606.28	59,511,431.82	74,811,338.66	117,743,944.00	1,650,000.00	1,650,000.00	1,650,000.00
Tax Deficiency.	4,000,000.00	6,112,092.44	1,613,000.00	22,041,232.37	22,041,232.37	22,041,232.37	22,041,232.37
Direct State Tax.							

* Known as Department of Charities in these years.

† Brooklyn and Queens Parks combined.

* Manhattan and Richmond Parks separated this year, but
requests combined for this table.

The 2 per cent. limitation it will be
necessary to add \$42,000,000 to the
\$285,000,000. This gives an excess of
\$47,000,000 over the amount the city
may legally raise. The budget this year
gave a margin of thirty-five points un-
der the 2 per cent. limit.

No drastic slashing is imperative not
only in salary increases but also in im-
provements asked for. All except abso-
lutely emergency building probably
will be postponed.

As nearly as can be figured the ten-
tative budget as it stands to-day, ex-
clusive of the direct State tax and the
debt service (which are not counted in
figuring the 2 per cent. limit), would be
responsible for a tax rate of 2.25. This
extra 25 points would be illegal and
must be avoided.

The State tax and debt service will
account for a tax rate of about 1.33.
This cannot be reduced. The items are
fixed.

Bad Outlook for Salary Raises.

The Board of Estimate has decided
that all requests for salary increases
above the figures fixed on August 20
will have to go by the board; this in
spite of the reputed desire of Mayor
Hylan to placate the policemen for po-
litical reasons by granting their ex-
treme demands. The department budget
asks \$2,500 a year for first grade pa-
trolmen, instead of \$2,230 (August
scale), and increases in proportion for
other grades and ranks.

While the Police Department allow-
ance of ten years ago was less than
half of what is asked for 1921, it is
in the Department of Public Welfare
(until recently known as the Depart-
ment of Public Charities) and in the
Department of Education, where the in-
creased cost of running this town is
most strikingly shown.

The budget of Charities in 1910 was
\$2,623,014. Welfare asked \$11,027,971
for 1921. A good part of this is paid
to private institutions for the care of
the city's dependents.

Education spent \$28,399,679 a year a
decade ago. Its budget request for next
year totals \$49,408,681, exclusive of
the \$47,000,000 for new buildings and sites.
And Education is likely to get the
amount it asks, as laws obtained from
the Legislature this year practically
give the Department of Education the
whip hand in its old financial fight with
the Board of Estimate.

The accompanying table gives a
graphic picture of the successive jumps
of the budgets of the more important
departments of the county governments
and the steady increase in the debt
service. Also it gives an idea of the
tremendous amounts of special revenue
bonds and tax notes issued this year to
see the various departments through.

All this money has to be met in the
debt service item of the 1921 budget.

Although there is a limit of \$2,000,000
a year on the issuance of special revenue
bonds for purposes which might have
been foreseen in making up the annual
budget, a total of \$25,635,583 has been
authorized this year, to say nothing of
tax notes to the extent of nine and a
half million dollars. The budget must
carry a total of about \$46,000,000 in
the debt service to see the city through
its short term borrowings before the next
year's taxes begin to roll in.

Special Acts Relieve Situation.

By two special legislative acts the city
was empowered to increase its issuance
of revenue bonds by \$10,000,000 for this
year. Half of that amount was to finance
the salary increases from August to
January next. The other was to meet
the increased cost of coal and other sup-
plies not anticipated in making of the
budget. It is contended that the remain-
der of bonds are of a character not in-
cluded in the \$25,000,000 limitation, such
as paying prevailing rates of wages,
which have reached unheard of heights,
snow removal and the like.

Some of the departments resorting
most heavily to special revenue bonds
were: Education, \$7,500,000; Street
Cleaning, \$6,000,000; Police, \$1,700,000;
Fire, \$1,500,000; Borough President
Manhattan \$1,200,000; Borough Presi-
dent Queens, \$1,200,000.

Requests for non-revenue producing
improvements that stand out, in addi-
tion to the \$47,000,000 of Education, are:
Welfare, \$8,300,000; Street Cleaning,
\$5,000,000; Parks, Brooklyn, \$5,300,000;
Borough President of Brooklyn,
\$4,200,000.

How steadily the budget of the City
of New York has grown year by year
is clearly indicated in an accompany-
ing table, which includes also the yearly tax
rate for Manhattan. Rates for other
boroughs are always higher because of
added county charges dating back be-
fore consolidation. Unusual increases
in real estate assessments in some
years are responsible for some of the
tax rate decreases. Back in 1902 the
budget was just under the \$100,000,000
mark, the tax rate was 1.41, the total
funded debt \$34,329,605 and the total
real estate assessments roughly \$4,-
751,000,000.

In 1910 the budget had increased to
\$123,128,270, the tax rate to 1.75, the
funded debt to \$79,730,288. The as-
sessment on real estate were \$7,044,-
000,000.

Funded Debt Passes Billion.

Half a decade passed and in 1915 the
budget had almost topped the two hun-
dred million mark. It was \$188,960,785.
The tax rate was 1.87, the funded debt
\$1,124,000,221, passing the billion mark for
the first time.

On January 1 of this year the funded
debt was \$1,243,659,937. On the first of
July it had increased to \$1,243,659,937.

By law the city may not become in-
debted in excess of 10 per cent. of the
assessed valuations of its real estate.
But to arrive at this indebtedness
within the debt limit there must be
deducted from the total funded debt
all sinking funds and all bonds issued
for purposes that are self-supporting.
To this amount is then added all con-
tract liabilities.

Taking account of the moneys set
aside for various purposes the debt
margin on July 1 was only \$23,867,773.
Since then it has shrunk to barely \$20,-
000,000, which might leave the city seri-
ously embarrassed in case of a grave
emergency.

However, by January 1 the margin
should be increased by \$2,000,000 or \$3,-
000,000. This will come (a) two or three
millions from interest on bonds held in
the sinking funds (b) about the same

amount that will have been put in the
budget for the redemption of bonds; (c)
some \$10,000,000 that at that time may
be available for bond amortization.

Figures Subject to Revision.

The borrowing capacity of the city
will not be enlarged at present from
the more than one billion increase in
assessed valuations of real estate an-
nounced last week. In the first place
the figures are subject to a big reduc-
tion. There is a month and a half after
in which the owners may work to that
end. Then the new assessed valuations
do not really operate until the tax rate

is fixed (going into effect coincidentally)
on the first Monday in March. Then the
debt margin will probably get another
\$10,000,000 boost.

From October 10 to October 20 the
"proposed" budget is promulgated
and may be decreased, but not increased,
by the Board of Estimate up to mid-
night of October 30, when it must be
passed finally by that body.

Within three or four days after final
action by the Board of Estimate the
budget must be submitted to the Board
of Aldermen, which must pass on it

within fifteen days. The Aldermen may
cut, but not add to any of the budget
items.

Toward the end of February the gen-
eral fund is made up and deducted from
the tax budget to get the figure upon
which the tax rate is fixed by the Board
of Aldermen the first Monday in March.
The general fund will benefit this year
by more than \$12,000,000 returned by
the State as our share of the State in-
come tax. Eleven million of this was
handed over in July. Another million
will come this month and probably a
smaller amount before the end of the
year.

New York city will receive \$1,366,-
493.78 to-day from the State Comptroller
as the second part of the State income
tax receipts to be distributed. The first
payment was \$10,931,444.24. The sec-
ond payment is to be divided among the
counties comprising the city as follows:
New York, \$821,654.48; Kings, \$206,-
975.38; Bronx, \$119,334.16; Queens,
\$100,815.78; Richmond, \$17,713.98. Un-
der the law this money must be put into
the general fund for the reduction of
taxation of the city of New York.

Mark Graves, director of the State
Income Tax Bureau, stated that thou-
sands of persons failed intentionally or
through neglect to pay their taxes. He
said it was a civic duty to report such
offenses, as the greater the receipts, the
greater will be the reduction in taxes.

TRUCKS CROSS CONTINENT.
SAN DIEGO, Cal., Oct. 3.—Seventy
army trucks and automobiles, which
left Washington, D. C., June 14, and
crossed the continent by the Bankhead
National Highway, arrived yesterday.
The convoy contained twenty-two offi-
cers and 162 enlisted men of the army.



Old Wind Mill, Nantucket, Mass.,
built in 1746. Between 1723 and 1875
no less than twelve such mills operated
upon the island. This was the fourth
to be erected, and has outlived its three
predecessors which have been destroyed.

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"I FORGOT to go to my safe deposit
box and clip my coupons, until long
after they were payable."

"I forgot to keep an accurate record
of my investments and had no end
of trouble making out my income
tax returns."

"I own some real estate mortgages,
but forgot to collect the interest promptly
—and forgot to see that the mortgagor
paid his taxes on time."

"I forgot the importance of watching
my investments—a block of bonds I
owned were called for redemption and
I lost several months' interest before I
actually heard about it."

If you are forgetful you need the help
of people who do not forget. If you are
over-busy making money you need help
in keeping money—help in the collec-
tion and care of your income-yielding
investments. Such helpful service may
be had at small cost by arranging for a

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